

[REPUBLIC ACT NO. 6426, April 04, 1972]

**AN ACT INSTITUTING A FOREIGN CURRENCY DEPOSIT SYSTEM
IN THE PHILIPPINES, AND FOR OTHER PURPOSES.**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Title*.—This Act shall be known as the "Foreign Currency Deposit Act of the Philippines."

SEC. 2. Authority to deposit foreign currencies.— Any person, natural or juridical, may, in accordance with the provisions of this Act, deposit with such Philippine banks in good standing, as may, upon application, be designated by the Central Bank for the purpose, foreign currencies which are acceptable as part of the international reserve, except those which are required by the Central Bank to be surrendered in accordance with the provisions of Republic Act Numbered Two hundred sixty-five.

SEC. 3. Authority of banks to accept foreign currency deposits.—The banks designated by the Central Bank under Section two hereof shall have the authority:

1. To accept deposits and to accept foreign currencies in trust: Provided, That numbered accounts for recording and servicing of said deposits shall be allowed;
2. To issue certificates to evidence such deposits;
3. To discount said certificates;
4. To accept said deposits as collateral for loans subject to such rules and regulations as may be promulgated by the Central Bank from time to time; and
5. To pay interest in foreign currency on such deposits.

SEC. 4. *Foreign currency cover requirements*.—Except as the Monetary Board, by a unanimous vote of all incumbent members, may otherwise prescribe or allow, the depository banks shall maintain at all times a one hundred percent foreign currency cover for their deposit liabilities, of which cover at least fifteen percent shall be in the form of foreign currency deposit with the Central Bank, and the balance in the form of foreign currency deposits or of foreign currency loans or securities, which loans or securities shall be of short term maturities and readily marketable. Such foreign currency loans may include loans to domestic enterprises which are export oriented or registered with the Board of Investments, subject to the limitations to be prescribed by the Monetary Board on such loans. The foreign currency cover shall be in the same currency as that of the corresponding foreign currency deposit liability. The Central Bank may pay interest on the foreign currency deposit, and if requested shall exchange the foreign currency notes and coins into foreign currency instruments drawn on its depository banks.